

HIGHWAYS

[illegible]



SENATE STANDING COMMITTEE REPORT

February 23, 2007

Page 1 of 2

Mr. President:

We, your committee on **Highways and Transportation** recommend that **Senate Bill 449** (first reading copy -- white) **do pass as amended.**

Signed: *Gerald Pease*
Senator Gerald Pease, Chair

And, that such amendments read:

1. Title, line 4.

Following: "FOR"

Insert: "CERTAIN"

2. Page 1, line 20.

Following: "2-15-102"

Insert: ", but does not include the office of the governor, the attorney general, or the highway patrol"

3. Page 1, line 22.

Strike: "transportation"

Insert: "administration"

Strike: "2-15-2501"

Insert: "2-15-1001"

4. Page 1, line 24 through line 25.

Strike: "the state" on line 24 through "2-17-412" on line 25

Insert: "all state vehicles that are owned by the state of Montana except those used in the service of the governor, the attorney general, or the highway patrol"

5. Page 1, line 28.

Strike: "the department of administration and"

6. Page 1, line 29 through line 30.

Strike: "agency's" on line 29 through "standard;" on line 30

Insert: "vehicle purchased on or after January 1, 2008, meets or exceeds the CAFE standard."

Committee Vote:

Yes 9, No 0

Fiscal Note Required — *K1*

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7. Page 2, lines 1 through 4.

Strike: subsections (a) through (d)

8. Page 2, line 5.

Strike: "adjust the standards provided in subsection (1) for vehicles"

Insert: "exempt certain vehicles from the CAFE standard"

9. Page 2, line 10.

Following: ";"

Strike: "or"

10. Page 2, line 11.

Strike: "."

Insert: "; or"

11. Page 2.

Following: line 11

Insert: "(f) vehicles using alternative fuels."

12. Page 2, line 15.

Strike: "average"

13. Page 2, line 15 through line 16.

Strike: "to" on line 15 through "[section 2]" on line 16

14. Page 2, line 24.

Strike: "1 through 4"

Insert: "2 and 3"

15. Page 2, line 26.

Strike: "of administration"

- END -



SENATE STANDING COMMITTEE REPORT

February 23, 2007

Page 1 of 1

Mr. President:

We, your committee on **Highways and Transportation** recommend that **Senate Bill 516** (first reading copy -- white) **do pass**.

Signed: Gerald Pease
Senator Gerald Pease, Chair

- END -

Committee Vote:

Yes 7, No 2

Fiscal Note Required _____

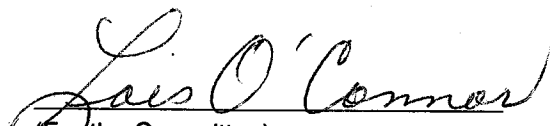
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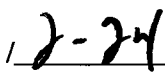
COMMITTEE FILE COPY

TABLED BILL

The **SENATE HIGHWAYS AND TRANSPORTATION COMMITTEE** TABLED **SB 469**, by motion, on
Thursday, February 22, 2007.


(For the Committee)


(Secretary of the Senate)

_____, 
(Time) (Date)

February 24, 2007


Lois A. O'Connor, Secretary

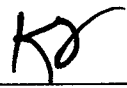
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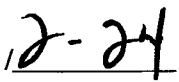
COMMITTEE FILE COPY

TABLED BILL

The **SENATE HIGHWAYS AND TRANSPORTATION COMMITTEE** TABLED **SB 520**, by motion, on
Thursday, February 22, 2007.


(For the Committee)


(Secretary of the Senate)


(Time) (Date)

February 24, 2007

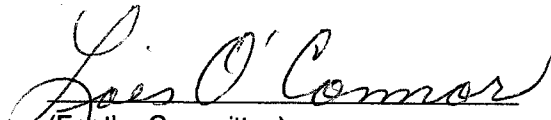
Lois A. O'Connor, Secretary

Phone: 444-4772

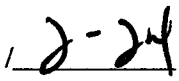
COMMITTEE FILE COPY

TABLED BILL

The **SENATE HIGHWAYS AND TRANSPORTATION COMMITTEE** TABLED **SB 493**, by motion, on
Thursday, February 22, 2007.


(For the Committee)


(Secretary of the Senate)

_____, 
(Time) (Date)

February 24, 2007

Lois A. O'Connor, Secretary

Phone: 444-4772

ROLL CALL VOTE

failed 4-5

NAME	AYE	NO
SEN. JERRY BLACK (R)	✓	
SEN. ROY BROWN (R)		✓
SEN. JOHN BRUEGGEMAN (R)		✓
SEN. VICKI COCCHIARELLA (D)		✓
SEN. SAM KITZENBERG (D)	✓	
SEN. JESSE LASLOVICH (D)	✓	
SEN. FRANK SMITH (D)	✓	
SEN. DONALD STEINBEISSER (R)		✓
SEN. GERALD PEASE (D) - CHAIRMAN		✓
	4	5

MONTANA STATE SENATE
2007 LEGISLATURE

HIGHWAYS AND TRANSPORTATION

ROLL CALL VOTE

DATE 2-22-07 BILL NO. SB-493 NUMBER 2

MOTION: TABLE

Passed 5-4 reverse roll call
Vote

NAME	AYE	NO
SEN. JERRY BLACK (R)		✓
SEN. ROY BROWN (R)	✓	
SEN. JOHN BRUEGGEMAN (R)	✓	
SEN. VICKI COCCHIARELLA (D)	✓	
SEN. SAM KITZENBERG (D)		✓
SEN. JESSE LASLOVICH (D)		✓
SEN. FRANK SMITH (D)		✓
SEN. DONALD STEINBEISSER (R)	✓	
SEN. GERALD PEASE (D) - CHAIRMAN	✓	
	5	4

**MONTANA STATE SENATE
2007 LEGISLATURE**

**HIGHWAYS
VISITOR REGISTER**

DATE February 22, 2007

BILLS BEING HEARD TODAY SB-469; SB-493; SB-516; SB-520

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
TAD DALE	496-3210	MONT. RESOURCES LLP	516		X
Riley Johnson	447-3797	Enterprise Rent A Car	520		X
Robert Ward	443-6025	Enterprise	520		X
FRANK COTE	3-9070	MCRA	520		X
Jeff Taylor	542-2311	Dollar Rent a Car	520		X
Jay Rosen	880-7811	Dollar Rent A Car	520		X
Chen Kelley	549-2277	Thrifty Car Rent	520		X
John Doyle	728-0445	RVIS Rent A Car	520		X
Debbie Shes	495-1444	Montana Mining	516		X
BARBARA NEILAN	532-3250	MISSOULA CVB	520		X
STEVE COSTLEY	248-9151	MT. CAR RENTAL ASSOC.	520		X
Andy Wilcox	544-2163	Corporate Inc	520		X
LINDA STOLL	443-9070	MISSOULA COUNTY	520	✓	
Jason Todhunter	253-3807	MLA	516		X
Brenda Nordlund	444-2713	DOJ	520	INFO-	
Sarah Collier	581-2284	MCV	516	✓	
Dore Galt	442-7852	MPA	SB516		X
Pat Torgerson	480-5154	WIFE	SB516	✓	
Matt Leow	340-3183	MontPIRG	SB516	✓	
Gary Amestoy	413-2370	Richland Economic Development Corp	SB516		
Gary Amestoy	413-2370	Richland Economic Development Corp	SB493		

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0493	Title:	Oil and gas revenue to fund 4 lanes for highway 2
Primary Sponsor:	Kitzenberg, Sam	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$200,000	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	(\$90,168,000)	(\$87,894,000)
State Special Revenue	\$0	\$0	\$90,168,000	\$87,894,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>(\$90,368,000)</u>	<u>(\$87,894,000)</u>

Description of fiscal impact:

Contingent upon price levels of crude oil and natural gas, proposed law redistributes the general fund portion of the oil and natural gas production tax into a new US Highway 2 state special revenue account established through amendment to 60-2-133, MCA. This contingent redistribution begins in FY 2010 and is ongoing.

FISCAL ANALYSIS

Assumptions:

- Under proposed law, beginning July 1, 2009; if the average price of oil at the wellhead exceeds \$50 per barrel, the general fund portion of the severance tax on oil production is redistributed into a new US Highway 2 state special revenue account.

2. Under proposed law, beginning July 1, 2009; if the average price of natural gas at the wellhead exceeds \$6 per thousand cubic feet (mcf) the general fund portion of the severance tax on natural gas production is redistributed into the new US Highway 2 state special revenue account.
3. Under proposed law, the average prices in Assumptions 1 and 2 are calculated pursuant to 15-36-305, MCA. This section of code directs the operator to calculate gross value of production of each product for each month in the quarter. For each product, the gross value of production is the total volume of production less production used for extraction of initial transport, multiplied by the average value at wellhead in the month the product is produced and sold. For the purposes of the fiscal note, it is assumed that the average price is calculated *at a fixed point in time* each quarter, and that the average price by product is defined to be the aggregate gross value of all filing operators, divided by the aggregate production of all filing operators.
4. From HJR 2, the oil price is forecast to be \$55.05 per barrel in FY 2008, and \$54.10 per barrel in FY 2009. It is assumed that the oil price contingencies in proposed law will be satisfied in FY 2010 and FY 2011.
5. From HJR 2, the natural gas price is forecast to be \$6.655 per mcf in FY 2008, and \$6.451 per mcf in FY 2009. Fiscal note assumes the natural gas price contingencies in proposed law will be satisfied in FY 2010 and FY 2011.
6. From HJR 2, the general fund portion of the oil and natural gas production tax is projected to be \$101.224 million in FY 2008 and \$101.288 million in FY 2009.
7. From OBPP estimates, the general fund portion of the oil and natural gas production tax is projected to be \$90.168 million in FY 2010, and \$87.894 million in FY 2011.
8. The Department of Revenue (DOR) does not currently split payments into oil revenue and gas revenue prior to distribution. In order to amend GENTAX to enable payment splitting, revenue accounting, and to change the distribution model in conformance with the price contingencies; DOR will require estimated \$200,000 additional administrative expense in FY 2010. The additional expense would not be required if the price contingencies were removed and the new state special revenue distribution were added to the queue of current law state share distributions of the oil and gas production tax.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$0	\$0	\$200,000	\$0
TOTAL Expenditures	\$0	\$0	\$200,000	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$200,000	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$200,000	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	(\$90,168,000)	(\$87,894,000)
State Special Revenue (02)	\$0	\$0	\$90,168,000	\$87,894,000
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	(\$90,368,000)	(\$87,894,000)
State Special Revenue (02)	\$0	\$0	\$90,168,000	\$87,894,000

Long-Range Impacts:

- Under proposed law, price contingent redistributions of the general fund portion of the oil and gas production tax will continue through FY 2026.

Technical Notes:

- Under proposed law, the contingent price of natural gas is \$6 per million cubic feet. Fiscal note assumes the sponsor intends the contingent price to be \$6 per thousand cubic feet.
- Under proposed law, if the price contingencies are satisfied, the *state portion* of the oil and natural gas production tax is redistributed into the new state special revenue account. Fiscal note assumes the sponsor intends that only the *general fund* portion of the state portion of the oil and natural gas production tax is redistributed into the new state special revenue account.
- Under current law, price contingencies are used to establish lower tax rates to provide incentive for production from stripper wells when prices are low. The benefit of price contingencies introduced in proposed law is not clear.
- Proposed law does not specify administrative responsibility for the new state special revenue fund.

S.K.
Sponsor's Initials2-21-07
Date

Budget Director's Initials

2/21/07
Date



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # SB0449

Title: Fuel economy standards for state purchased vehicles

Primary Sponsor: Gillan, Kim

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	unknown	unknown	unknown	unknown
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>

Description of Fiscal Impact: The bill requires state agencies to ensure agency owned vehicles exceed federal CAFÉ standards beginning January 1, 2009. The bill applies to agency fleets in their entirety, not just newly purchased vehicles. The bill also requires agencies to develop vehicle fleet energy conservation plans and file reports to be compiled by the Department of Administration on fuel efficiency measures. The potential cost of this legislation cannot be determined.

FISCAL ANALYSIS

Assumptions:

1. Current vehicle procurement processes consider total cost of ownership over the lifetime of a vehicle. This includes the purchase price of the vehicles in addition to the projected cost of fuel based upon the EPA rating of prospective vehicles. If the lowest cost vehicle in a fleet vehicle request for bid did not exceed the standards, but the total cost of ownership were still calculated to be less than that of vehicles that met the CAFÉ standards then costs could increase. If the lowest cost vehicle in a fleet vehicle request for bid did exceed the standards (or was the most fuel efficient), there would not likely be any change in costs because the vehicles would be purchased regardless of this bill.
2. Based on the variety, size, and age of fleets in state agencies, the cost of bringing existing fleets to exceed CAFÉ standards cannot be determined.

SB 449

3. Section 3 requires each state agency to develop and implement a program to reduce the fuel consumption of agency vehicles. Agencies already consider the items listed in Section 3 when processing travel plans and requests. It is assumed that Section 3 could be accomplished by state agencies with existing resources.
4. Section 4 requires each agency to keep records to document compliance with the bill report the information to the Department of Administration and that the Department of Administration compile the agency reports into a comprehensive report. It is assumed that Section 4 could be accomplished by state agencies with existing resources.

Technical Notes:

1. The fuel economy standards as outlined in Section 2 currently exceed the proposed National Highway Traffic Safety Administration (NHTSA) CAFÉ standards for Model Year (MYs) 2008-2011. The state Motor Pool projects that it could not purchase light duty trucks that would meet the proposed CAFÉ standards as cited in HB 449. It is also projected that the passenger cars would not meet the proposed standard as of January 1, 2011. CAFÉ standards apply to Model Year while this bill is requires compliance with CAFÉ standards by a calendar year.
2. This bill may be in conflict with Federal Executive Order 13132 which affirms that a state may not impose a legal requirement relating to fuel economy, whether by statute, regulation or otherwise, that conflicts with this rule (CAFÉ standards). <http://www.nhtsa.dot.gov/cars/rules/rulings/LightTrucksRuling-2008-2001/ProposedRulemaking/CAFE-LighTrucks-PR.pdf> (pages 149 – 150).

Sponsor's Initials

Date


Budget Director's Initials

2/16/07
Date